



## STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY  
**DEPARTMENT OF CORPORATIONS**  
California's Investment and Financing Authority

### NEWS RELEASE

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Arnold Schwarzenegger, Governor

William P. Wood, Commissioner

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CONTACT: Shad Balch  
(916) 324-9011

### **Payday Lenders Continue Operating with Regulatory Permits in California Following Governor's Approval of AB 971**

*Legislation Will Provide the Department of Corporations Critical Resources  
Necessary to Streamline Licensing and Regulatory Enforcement Procedures*

**SACRAMENTO** --- Nearly 2,000 Deferred Deposit Lender or "payday lender" companies will continue to operate with regulatory permits throughout California following Governor Schwarzenegger's approval of AB 971, the Department of Corporations announced today.

Created as a result of a joint effort between the business industry and consumer groups, AB 971 will help protect the payday loan industry by keeping out "bad actors" and also provide additional safeguards to California consumers. The new regulatory program, now administered by the Department of Corporations, was set to take effect March 1, 2004. However, the original legislation did not provide sufficient time or adequate resources to create and administer the new program. AB 971 reestablishes the critical resources necessary for the program's operation and moves the implementation date to December 31, 2004, at which time the Department will begin licensing the companies.

The Department of Corporations is California's Investment and Financing Authority, reporting to the Business, Transportation and Housing Agency and the Governor. The Department is responsible for the regulation, enforcement and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending and residential mortgage lending. For further information or to obtain a complaint form, see the Department's Web site at [www.corp.ca.gov](http://www.corp.ca.gov) or call 1-866-ASK-CORP (1-866-275-2677).

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